RETIRED OFFICERS ASSOCIATION BULLETIN

Published Quarterly For Members

VOL. 3 APRIL, 1947 NO. 2

REPEAL OF 3RD PARAGRAPH OF SECTION 15 OF THE PAY READJUSTMENT ACT THREATENED

Section 205 of the Maybank bill (S. 267) and of its companion, the Sikes bill (H.R. 539) propose to repeal the 3rd paragraph of Section 15 of the Pay Readjustment Act of 1942 which now authorizes so-called Class B officers to use 75% as a multiple for the computation of their retired pay, provided they served in World War I. Two other bills to which this subject could be considered germane have been introduced by Mr. Brooks in the House (H.R. 663 and H.R. 2744), though, as written, they do not contain the provision. The Retired Officers Association opposes this proposal. If and when this proposed legislation is considered by any Committee in Congress, a representative of the Association will appear and make the following statement:

"The proposed Section 205 to which reference is made would repeal the 3rd paragraph of Section 15 of the Pay Readjustment Act of 1942 (37 U.S.C., sec. 115) and substitute therefore a new method of computation for the retired pay of a comparatively small group of Army officers who were retired under the provisions of Section 24b of the National Defense Act and who were veterans of World War I. This small group is now only about one hundred fifteen in number. Its effect would be materially to reduce the amount of the retired pay which they now receive under the provisions of the 3rd paragraph of Section 15 of the Pay Readjustment Act of 1942. That provision was enacted by the 77th Congress after careful consideration both in hearings and on the floor of the House at that time.

The Third paragraph of Section 15 of the Pay Readjustment Act of 1942 permits Army officers who were retired under the provisions of Section 24b, National Defense Act, if they served prior to November 12, 1918, to receive 75 per centum of their active duty pay. While this may appear to be a special privilege relating only to that small group, such is not the case. The fact is that, practically all officers of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey and Public Health Service, regardless of the basis upon which they were retired, are likewise permitted to compute their pay at 75 per centum of their active duty pay provided they served during World War I. The laws which authorize this are as follows.

(a) The 4th paragraph of Section 15 of the Pay Readjustment Act of 1942 (37 U.S.C., sec. 115) provides that the retired pay of any officer of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, or Public Health Service, who served in any capacity in the military or naval forces prior to Nov. 12, 1918, and who is retired for any reason after June 1, 1942, shall, unless such an officer is entitled to retired pay of a higher grade, be 75 per centum of his active duty pay.

(b) Likewise under the 5th paragraph of Section 15 of the Pay Readjustment Act of 1942 (37 U.S.C., sec. 115) an Army officer of not less than 10 years commissioned service, who served prior to November 12, 1918, and who retired for any reason between June 29, 1922 and January 1, 1923 receives 75 per centum of his active duty pay.

(c) Under the provisions of Title 10 (Army) U.S.C. Chap. 26 (Retirement) Sec. 971b an officer of the Army or Philippine Scouts of not less than 20 years commissioned service, who served prior to November 12, 1918, and who retired on his own application at any time prior to June 1, 1942, receives 75 per centum of his active duty pay.

(d) Under the 3rd paragraph of Section 15 of the Pay Readjustment Act of 1942 (37 U.S.C., sec. 115) an Army officer, who served prior to November 12, 1918, and who retired at any time including retirement prior to June 1, 1942, under the provisions of Section 571 of Title 10, U.S.C., receives 75 per centum of his active duty pay. This is the paragraph which would be repealed by any provision similar to Section 205 of H.R. 539 to which reference has been made.

(e) Under the provision of Public Law 190, 77th Congress, approved July 29, 1941, officers who are removed from the active list of the Army and who have completed at least seven years of service, if they served prior to November 12, 1918, are likewise permitted to compute their retired pay at 75 per centum of their active duty pay at the time of their retirement. It should be noted that these officers were retired under a law which grew out of Section 24b of the National Defense Act, as amended, which latter Act was suspended by Public Law 190.

Under the circumstances it is difficult to under-

RETIRED OFFICERS ASSOCIATION BULLETIN

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RETIRED OFFICERS ASSOCIATION
(INCORPORATED)
WASHINGTON 9, D. C.
1600 TWENTIETH STREET, N. W.
TELEPHONE DEcatur 2022

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Admiral David F. Sellers, Chairman

ARMY

Term Expiring February, 1950	Term Expiring February, 1948
Major General John H. Hughes	Major General Walter C. Baker
Brigadier General Charles D. Roberts	Colonel James Totten
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PUBLIC HEALTH SERVICE

Term Expiring February, 1950	Term Expiring February, 1948
Medical Director Bolivar J. Lloyd	Medical Director Allan McLaughlin

EDITOR.....H. G. HAMLET

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stand why the Army officers retired under the provisions of Section 24b of the National Defense Act should now be singled out for different treatment than those who were retired under the provisions of Public Law 190 and under the other provisions of law to which reference has been made. It was for their service in World War I that all of these officers were authorized to use 75 per centum as a multiple for the computation of their retired pay. That right was granted them in all of these cases regardless of the manner or reason which caused their retirement. In other words, in no case was the right predicated upon the reason for the retirement but was intended to reward service in World War I.

We have here a situation where a grant of 75 per centum of active duty pay was made in good faith by Congress in the Pay Readjustment Act of 1942 (Section 15) to an officer retired prior to June 1, 1942 under the provisions of Section 24b of the National Defense Act of June 3, 1916, as amended, provided he had served in World War I.

It is unthinkable that Congress would make any grant of a right hastily or without duly weighing the merits of the grant. Surely, in this case, there was lengthy and careful consideration given to the subject as witness the hearings on S. 2025, 77th Congress, 2nd session, and consideration on the floor of the House of the legislation which became the Pay Readjustment Act of 1942.

With the granting of this right to those officers they were clearly entitled, and indeed expected, to set up a standard of living for themselves and families commensurate with a prudent expenditure of the monthly income granted them, without reservation, by the wisdom of Congress.

Now comes the proposal (Section 205 of H.R. 359 and S. 267, 80th Congress), to repeal the 3rd paragraph of Section 15 of the Pay Readjustment Act of 1942, which granted to Class B officers who served in World War I unqualifiedly 75 per centum of active duty pay on the retired list, and to enact a law which will reduce the retired pay of these officers below 75 per centum of active duty pay.

Surely the Congress will not enact a law which, in effect, would be a punitive action against a few by reducing a stipend they had every reason to believe would continue during their declining years, a reduction which would, in these times, be a much greater deprivation than the mere percentage reduction would represent, because of the high cost of living and the increment of expense incident to ageing people.

For the reasons outlined, it is strongly urged that no provision be included in the proposed legislation which would have the effect of repealing the 3rd paragraph of Section 15 of the Pay Readjustment Act of 1942 (37 U.S.C., sec. 115)."

RETIREMENT OF ARMY OFFICERS WITH THE HIGHEST RANK HELD DURING WORLD WAR II

Four bills have been introduced in Congress which propose the retirement of Army officers in the highest rank in which they served satisfactorily during World War II. The substance of one of these bills which was introduced by Representative Brooks (H.R. 663) was described in the leading item in the January 1947 Bulletin. Other bills which contain the same provisions are the Maybank Bill (S. 267), the Sikes bill (H.R. 539) and a new bill introduced by Mr. Brooks (H.R. 2744) which supersedes his former bill H.R. 663. It is felt that Congress will consider this proposed legislation favorably.

CASHING IN TERMINAL LEAVE BONDS

Thirty-three bills have been introduced in Congress to authorize the cashing of Terminal Leave Bonds. It is understood that the War and Navy Departments will inform Congress that there is no objection to the enactment of such legislation. Favor-

able action on this proposed legislation can be expected.

PROSECUTION OF CLAIMS AGAINST THE GOVERNMENT BY RETIRED OFFICERS

Senator Holland has introduced a bill (S. 156) the purpose of which is to permit retired officers of the Armed Forces to act as agents or attorneys for prosecuting claims against the United States. The bill is quoted as follows:

"That section 109 of the Criminal Code is amended by inserting at the end thereof the following: "Retired officers of the Army, Navy, Marine Corps, and Coast Guard of the United States, while not on active duty, shall not by reason of their status as such be subject to the provisions of this section: PROVIDED, That nothing herein shall be construed to allow any retired officer to act as an agent or attorney for prosecuting or assisting in the prosecution of any claim against the United States involving the department in whose service he holds a retired status."

Admiral Sellers addressed a letter to all interested departments of the Government suggesting that this legislation be given favorable support. . . . The following is quoted from the Admiral's letter:

"Under present law, a retired officer may not prosecute claims against the government, even though such claims in no way relate to the department in whose service he holds retired status. The proposed amendment would remove the general prohibition but preserve the limited restriction.

"Needless to say the present prohibition is too general. This view was expressed by Justice Groner in an opinion of the United States Court of Appeals for the District of Columbia on November 6, 1939 (Morgenthau v. Barrett, 108 Fed (2) 481) in which he said:

'Much, we think, may be said in reason and common sense in favor of petitioner's application. To us it seems a far cry to attribute to a former captain in the military service, 20 years removed from that service, whose activities are wholly separated from official life, ability to exert a sinister influence in some matter pending in one of the departments of government. * * * Our rudder is controlled by the language of the statute. * * * This, for whatever it may be worth, must be addressed to the legislature and not to the courts.' "

REMOVAL OF RESTRICTIONS AGAINST THE HOLDING OF CIVILIAN POSITIONS UNDER THE FEDERAL GOVERNMENT

The prohibitions against dual compensation contained in the Act of July 31, 1894 (U.S.C. 1940 edition, title 5, section 62) and section 212 of the Act of June 30, 1932 (U.S.C. 1940 edition, title 5, sec. 59a) severly restrict retired officers of the military services against accepting civilian positions under the Federal Government. This is detrimental both to the individuals concerned and to the Government itself.

Retired officers are prohibited from holding civilian positions under the Federal Government where either the rate of retired pay or the rate of compensation fixed for the civilian position amounts to $2500 per annum unless (1) elected thereto, or (2) appointed by the President with Senate confirmation or (3) retired because of battle injuries or incapacities incurred in line of duty. (5 U. S. Code, sec. 62; 13 Comp. Gen. 60; 21 Comp. Gen. 1129.) Retired officers who receive more than $2500 per annum may not avoid the application of this statutory provision by waiving their retired pay during the occupancy of the civilian position (14 Comp. Gen. 289).

When a retired officer is eligible for employment in a civilian position under the Federal Government, he is subject to the dual compensation statute (5 U. S. Code, section 59a), which limits the aggregate income from a Federal civilian position, whether elective or appointive, and retired pay to an amount not to exceed $3000 per annum.

The laws dealing with this subject are so complicated that retired officers are usually unable to determine their status without consulting legal counsel and frequently such counsel is unable readily to render authoritative advice. Governmental agencies will not pass judgment upon the status of a particular officer in advance of the acceptance of a civilian position by such officer. These agencies advise retired officers called upon to determine their status under the law to seek the advice of private counsel. Such a situation should not prevail.

In 1946 the 79th Congress enacted Public 718 in accordance with the recommendation of the Administrator of Veterans Affairs to authorize the appointment of retired officers and warrant officers to civilian positions in the Veterans' Administration. This law, however, subjects all officers so employed to the restrictions contained in section 212 of the Act of June 30, 1932, as amended, (5 U.S.C. 59a).

A general feeling prevails, both within and outside the executive branch of the Government that the present situation requires clarification. Three bills have been introduced in the present Congress in an attempt to rectify the matter but none of these bills deal with the subject in a sufficiently comprehensive manner.

S. 428, introduced on January 29, 1947 and referred to the Senate Committee on Appropriations, proposes to raise the limit of compensation now provided in section 212 of the Act of June 30, 1932 from $3000 to $5000. This will not rectify the situation and in many respects would introduce new complications with reference to some retired officers, now employed in the Gov't. A realistic approach would suggest the repeal of the provision entirely.

H.R. 1560, introduced on January 30, 1947 and referred to the Committee on Armed Services, proposes to remove "for the duration of the war" the limitation upon the appointment and compensation of retired commissioned officers employed in civilian positions by the Government. If such a law is to be enacted, it should apply not only for the duration of the war but during peace-time as well.

H.R. 1067, introduced on February 3, 1947

and referred to the Committee on Armed Services, proposes to permit retired officers restored to positions in the classified Civil Service to receive retired pay from the Army and Navy without regard to existing limitations. This bill refers only to retired military officers formerly employed in the classified Civil Service. If such a law is to be enacted, it should be made applicable to all officers and not only to those formerly employed in the classified Civil Service.

Admiral Sellers addressed a letter to all of the departments concerned recommending that this matter be given consideration with a view to removing the present restrictions so that the Federal Government may have the benefit in civilian positions of the services of experienced, retired military officers and to afford to those officers the same opportunity of service in the Government open to all citizens. He recommended that Section 212 of the Act of June 30, 1932 should be repealed and the Act of July 31, 1894 be repealed or so modified as to permit the employment of retired military officers in civilian positions under the Federal Government.

REMOVAL OF TERMINAL LEAVE INEQUITIES

Many officers were retired during the War and immediately thereafter restored to active duty without opportunity to take their accrued leave. The War and Navy Departments have submitted legislation to the Bureau of the Budget to correct this inequity. It is understood that this proposed legislation has recently been redrafted to meet suggestions made by the Bureau of the Budget and will shortly be submitted to the Congress where approval can be expected.

CREDIT FOR SERVICE IN WORLD WAR I

To date there has been no action in Congress on the McFarland bill (S. 301) and the Bradley bill (H.R. 1035) to extend credit for World War I service so as to authorize officers who retired prior to June 1, 1942 to use 75% as a multiple for the computation of their retired pay. These bills were discussed in the last item of the January, 1947 Bulletin. They are identical with S. 1412 and H.R. 4144 which were introduced in the 79th Congress which bills were approved by the Budget and the War and Navy Departments. It is understood that the War and Navy Departments are awaiting Budget approval of this proposed legislation before making recommendation to Congress.

EXEMPTION OF RETIRED PAY FROM INCOME TAX

There has been no action on any of the bills which propose exclusions or exemptions from retired pay for income tax purposes. Several bills have been introduced to accomplish this purpose some of which were reported in the January, 1947 Bulletin. There is no information available as to the probability of action on any of these bills. There was a provision included in H.R. 1 which was passed by the House on March 27, 1947 which would provide a general exemption of $500 to all persons of 65 years of age.

However, if the taxpayer who qualifies for this additional exemption receives retirement pensions or annuities, or retirement pay as a former Army or Navy officer, which are excluded in full from gross income under existing law, he must include such payments in his income for tax purposes up to a total of $500. If both husband and wife have attained the age of 65 and file a joint return, the $500 exemption is granted for each spouse whose gross income is $500 or more.

While this will, if enacted, provide some measure of income tax relief to retired officers who have attained the age of 65, the Association feels that the retired pay of those who attain the statutory retirement age should be excluded in full from gross income and it will continue to make every appropriate effort to accomplish that objective.

PAY OF ARMY AND NAVY NURSES RETIRED PRIOR TO WORLD WAR II

The Smith bill (H.R. 1943) to establish a permanent Nurse Corps of the Army and the Navy and to establish a Women's Medical Specialists Corps in the Army, which was signed by the President April 16, 1947, contains no provision for nurses who were retired prior to World War II. Although the problems applicable to this group were well known, it was considered desirable to deal with this subject in separate legislation.

Both the War Department and the Navy Department have prepared proposed legislation to increase the retired pay of nurses who were retired prior to World War II and it is understood that these bills are now being considered in the Bureau of the Budget. There is a universal desire to enact appropriate legislation on that subject as speedily as possible and this project has been assigned a high priority. The Association has received assurances from all quarters that favorable action can soon be expected.

REVIEW OF PUBLIC 190 CASES

Several bills now propose legislation to provide for a review of the cases of officers heretofore removed from the active list of the Regular Army pursuant to the provisions of section 2 of the joint resolution of July 29, 1941 (55 Stat. 606), Public Law 190, 77th Congress. This proposal is contained in S. 683 (Mr. Johnson of Colo.) S. 267 (Mr. Maybank), S. 1036 (Mr. Gurney), H.R. 2986 (Mr. Andrews), H.R. 663 and H.R. 2744 (Mr. Brooks), H.R. 539 (Mr. Sikes) and H.R. 2970 (Mr. Anderson), and is similarly worded in all of these bills.

If enacted as presently worded it would probably be necessary to construe the new law as applicable only to those cases in which the technical provisions of Public Law 190 were fully met and in which the proceedings resulted in involuntary retirement. Unless amended this would probably foreclose review to those who accepted voluntary retirement offered as an alternative to involuntary retirement, and who now seek opportunity to have their cases reviewed.

LEGISLATIVE PROPOSAL TO AUTHORIZE CREDIT FOR SERVICE AS A CADET, MIDSHIPMAN OR AVIATION CADET

A legislative proposal to credit service as a cadet, midshipman, or aviation cadet for pay and retirement purposes is again being considered in Congress and the cognizant Executive Departments (Army, Navy and Treasury).

On February 19, 1947 Senator Chan Gurney introduced a bill (S. 657) to provide that service as a cadet, midshipman, or aviation cadet shall be credited for pay purposes and that service as a cadet or midshipman shall be credited for retirement purposes in the case of military and naval personnel. This proposed legislation would be retroactive for pay purposes to 1 June, 1942, the effective date of the Pay Readjustment Act of 1942. That date was selected since the Act was last amended in September, 1944 by adding certain types of services for pay purposes in order to eliminate inequities in the law which amendment was made retroactive to 1 June, 1942. The 1944 amendment contained the words "midshipman, cadet, and aviation cadet" which words were unanimously approved by the Senate Committee on Military Affairs but were stricken when the bill was considered on the floor of the Senate in view of a proposed amendment by Senator Wheeler. There was no objection to extending credit for midshipmen, cadet, or aviation cadet service, the words having been stricken solely for the purpose of considering whether there should be an extension of credit for constructive service to those not educated at the academies.

Section 3A of the Pay Readjustment Act of 1942 now credits the following services for pay purposes: (a) Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, and Public Health Service (Regular Services), (b) Regular Army Reserve, (c) Medical Reserve Corps of the Navy, (d) Dental Reserve Corps of the Navy, (e) Organized Militia Prior to July 1, 1916, (f) National Guard, (g) National Guard Reserve, (h) National Guard of the United States, (i) Enlisted Reserve Corps, (j) Naval Militia, (k) National Naval Volunteers, (l) Naval Reserve Force, (m) Naval Reserve, (n) Marine Corps Reserve Force, (o) Marine Corps Reserve, (p) Coast Guard Reserve, (q) Reserve Corps of the Public Health Service, (r) Philippine Scouts, (s) Philippine Constabulary, (t) Coast and Geodetic Survey as authorized by section 2(b) of the Act of January 19, 1942 (56 Stat. 6).

Of these twenty classifications of service, only four require employment on active duty on a full-time basis. The remaining sixteen include reserve, National Guard, and other comparable classifications of services. Most of these services entail comparatively little actual active duty, except in time of war. Nevertheless these services are accorded full credit for pay purposes. Contrast this with the fact that, although they entail service on a full-time basis under the regular military establishments of the Federal Government, no credit is extended to service as a cadet, midshipman, or aviation cadet. There is no sound basis in logic why these services should not be included in Section 3A with the twenty types of services for which credit for pay purposes is now authorized.

Finally, it should be observed that every other type of military service, regardless of the amount of active duty performed, is credited for pay purposes save only service as a cadet, midshipman, or aviation cadet. It is entirely proper that such service be credited for pay purposes since it involves military service under the Federal Government on a full-time basis.

FINANCIAL REPORT OF RETIRED OFFICERS ASSOCIATION

Washington 9, D. C.

YEAR OF 1946

SUMMARY OF RESOURCES AS AT DECEMBER 31, 1946

Cash in Bank (Hamilton National Bank) December 31, 1946		$ 571.09
U. S. TREASURY BONDS—2%, 1952/54		7,500.00
Resources at December 31, 1946		$8,071.09
Rosettes on Hand		26.00
Petty Cash on Hand		4.64
Available Resources at December 31, 1946		$8,101.73
Book Value of Office Equipment		1,035.59
Present Worth		$9,137.32

Certified Correct:

H. G. HAMLET,
Executive Vice President-Treasurer

January 24, 1947

RETIRED OFFICERS ASSOCIATION

Washington 9, D. C.

Statement of Receipts and Disbursements For the period from January 1, 1946 to December 31, 1946

RECEIPTS		
Membership Payments	$7,067.10	
Interest on Government Bonds	150.00	
Total Receipts		$7,217.10
DISBURSEMENTS		
Rent	$ 588.00	
Salary—Executive Vice President	1,747.08	
Salary—Legal Counsel	487.50	
Salary—Secretary	1,731.60	
Addressograph Service	110.69	
Premium—Treasurer's Bond	17.50	
Insurance—Workmen's Compensation	13.44	

Telephone	114.23	
Printing and Stationery	671.95	
Office Supplies	63.18	
Personal Property Tax	21.62	
Subscriptions to Publications	29.50	
Postage	195.35	
General Office Expense	400.30	
Rent on Safe Deposit Box	4.80	
Second Class Mailing Privilege	5.00	
Annual Meeting Expense	33.61	
Withholding Tax	1,054.68	
Social Security Tax	121.66	
D. C. Unemployment Compensation Tax	164.24	
Rosettes	40.00	
Petty Cash	15.00	
Exchange on Bank Items and 1 check returned	4.80	
Contributions	7.00	
Total Disbursements		$7,642.73
Disbursements over Receipts		$ 425.63
Cash Resources at December 31, 1945		$8,496.72
Resources at December 31, 1946		$8,071.09
Rosettes on Hand, December 31, 1946		26.00
Petty Cash on Hand, December 31, 1946		4.64
Available Financial Resources as at December 31, 1946		$8,101.73

Certified Correct:

H. G. HAMLET,
Executive Vice President-Treasurer
January 24, 1947

SALARY STATEMENT

Salary of Executive Vice President	$2,458.34	
Less Taxes Withheld	711.27	$1,747.07
Salary of Legal Counsel	$ 500.00	
Less Taxes Withheld	12.50	487.50
Salary of Secretary	$2,000.00**	
Less Taxes Withheld	268.40	1,731.60

** Includes Christmas Bonus of $20.00.

BULLETIN EXPENSE

Total Expense for 4 issues of Retired Officers Association Bulletin	$ 486.62
Average Cost per Bulletin Issue	$ 121.655

Certified Correct:

H. G. HAMLET,
Executive Vice President-Treasurer
January 24, 1947.

Washington, D. C.

We have examined the foregoing statement of the Executive Vice President and Treasurer, consisting of Sheets 1, 2 and 3, dated January 24, 1947 for the period January 1, 1946 to December 31, 1946, and find it agrees with the books and records of the office of the Retired Officers Association for the period covered.

The Finance Committee.
L. C. CRAWFORD, *Chairman*
L. MCCARTY LITTLE, *Member*
LINCOLN HUMPHREYS, *Member*

Date: January 31, 1947.

Washington, D. C.
21 January, 1947

I hereby certify that I have this day counted the securities of the Retired Officers Association in the Association's Safe Deposit Box in the Hamilton National Bank, Washington, D. C., held in the custody of the Treasurer of the Association, and find them as follows: U. S. TREASURY 2% BONDS OF 1952/54:

Number	*Amount*	*Coupons Cashed and Deposited June 20 1946*	*Dec. 16 1946*	*Total Interest Received*
59219K	$ 500.00	$ 5.00	$ 5.00	
134946F	1,000.00	10.00	10.00	
134947H	1,000.00	10.00	10.00	
134948J	1,000.00	10.00	10.00	
134949K	1,000.00	10.00	10.00	
134950L	1,000.00	10.00	10.00	
134951A	1,000.00	10.00	10.00	
134952B	1,000.00	10.00	10.00	
	$7,500.00	$75.00	$75.00	$150.00

LAWRENCE C. CRAWFORD,
Chairman, Finance Committee.

EXTENSION OF TIME LIMIT FOR CONSIDERATION OF RETIREMENT FOR PHYSICAL DISABILITY IN TEMPORARY RANK

On April 17, 1947 Admiral Sellers addressed the following letter to the Secretary of the Navy:

"Section 8 of the Act of July 29, 1941 (34 U.S.C. 350) provides for the retirement for physical disability of officers, active and retired, in a temporary rank higher than their permanent rank. Subsection (g) of that section, however, provides that, unless the proceedings of the Naval Retiring Board shall be commenced within six months from the termination of the temporary appointment or release from active duty of the individual concerned whichever may occur earlier, the provisions of section 8 shall not apply.

"Some of the members of the Retired Officers Association were returned to inactive duty as the result of physical incapacity incurred or aggravated while serving on active duty in a higher rank than their permanent rank without having been considered for retirement for physical disability under the provisions of the above-mentioned section. In some of these cases due to illness or lack of knowledge of the above-mentioned time limitation, the officers concerned did not make timely request for consideration by a Naval Retiring Board.

"In view of the above, it is considered simple justice that legislation should be enacted to vest in the Secretary of the Navy discretion to extend the above-mentioned time limitation in cases found to warrant such action, and the Retired Officers Association recommends that legislation be sought by the Navy Department to accomplish this."

On April 21, 1947 Secretary Forrestal acknowledged Admiral Seller's letter and informed him that the matter had been referred to the Judge Advocate General for investigation and further reply.

IMPORTANT

It is to the interest of each member himself to keep current his mailing address in this office. Many pieces of mail are returned marked "Moved—Left No Address."

To RETIRED OFFICERS ASSOCIATION,
1600 Twentieth St., N. W., Washington 9, D. C.

Date .....

Gentlemen:—

You may enroll me as a member of the Retired Officers Association. Inclosed is check for $5.00:

Entrance fee	$1.00	
Annual dues	4.00	*Fifty cents of which is for subscription to Association Bulletin.*
	$5.00	

Name .....
(Please Print)
Rank and Service .....
Mailing Address .....
City ..... Zone ..... State .....

TO ALL MEMBERS

We take this opportunity to extend thanks and appreciation to the many members who have handed the application blank printed in the Bulletin to eligible officers who have eventually joined the Association.

A list of the total membership—consisting of members in good standing—is printed below:

Army	1,443
Navy	1,300
Marine Corps	209
Coast Guard	187
Coast & Geodetic Survey	32
Public Health Service	30
Total	3,201

From the above, which is fairly representative, it may be seen that the membership of the Association is increasing at the rate of about 600 members per year. This is encouraging but it is felt that if the efforts of all are directed toward that end, the expansion in membership can be materially increased. Members are, therefore, urged to encourage their friends to join, providing they are retired officers, warrant officers, or nurses of the regular Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey or Public Health Service who are on permanent waiting orders.

An application blank may be found elsewhere in this publication which it is hoped will be put to use.

The attention of the membership is invited to the fact that, while the tabulated membership shown above in this issue is 3,201, many of that number are fully paid up life members paying no dues. Under the Postal Regulations such members are not considered delinquent, and may receive the Bulletin at Second Class Postage rates; but the dues of a large number of members are in arrears. Bulletins mailed to them must be paid for at a higher postal rate. For the above reason, and because the work of the Association can be expanded only if dues are paid promptly when due, it is hoped that our delinquent list will be much reduced in the near future.

EXCLUSION OF RETIRED PAY FROM GROSS INCOME FOR INCOME TAX PURPOSES

An editorial in the *Army and Navy Journal* of April 26, 1947, urging the Senate Finance Committee, in connection with a bill amending the income tax law so as to ease the tax burden, "to consider the plight of service personnel retired for age or length of service" inspires the following reprint of Recommendation (a) from an adopted resolution of the biennial Members Meeting of the Retired Officers Association, February 18, 1946:

RESOLVED, That The Retired Officers Association, at its biennial membership meeting at the Shoreham Hotel, Washington, D. C., February 18, 1946, approves the recommendations and arguments of its Public Relations Committee in 1944, as follows:—

RECOMMENDATIONS

(a) Exempt from Federal income tax all pay allowed by law to a commissioned officer, chief warrant officer, or warrant officer, on the retired lists of the Army, Navy, Marine Corps, Coast Guard, Coast & Geodetic Survey and Public Health Service, when he or she shall reach the statutory retirement age.

ARGUMENT FOR THE EXCLUSION FROM GROSS INCOME TAX PURPOSES, OF ALL RETIRED PAY OF PERSONNEL OF THE ARMED FORCES OF THE UNITED STATES WHO REACH THE STATUTORY RETIREMENT AGE.

ALL RETIREMENT PAY EXCLUDED FROM GROSS INCOME

Retired personnel of the Armed Forces may exclude from gross income, for income tax purposes:—

First—"amounts received as a pension, annuity, or similar allowances for personal injuries or sickness resulting from active service in the armed forces of any country." Revenue Act of October 21, 1942, Section 113, Public Law 753, 77th Congress.

PART OF RETIRED PAY EXCLUDED FROM GROSS INCOME

Second—So much of retired pay as is, by authority of the Act of May 27, 1944, Public Law 314, received as a pension for service in the Spanish-American War, Philippine Insurrection or the Boxer Rebellion by personnel retired for any other reason.

NONE OF RETIRED PAY EXCLUDED FROM GROSS INCOME

Third—This leaves a group of retired personnel who served to the statutory retirement age limit and were obliged to retire, who may exclude NO part of retired pay from gross income for tax purposes.

The first group and the last group and many of the second group cited above are on the retired list for practically the same reason—physical disability. The first group has been found physically disqualified for active duty by a retiring board, at some time before reaching the age when the law presumes that the last group is physically disqualified for active duty. A retiring board is not needed to make such a finding for the last group and many of the second group. That finding has already been made by a presumption of law.

So we have the inequitable situation where one group on the retired list for physical disability by mandate of law acting through a retiring board is entitled to exclude from gross income all retired pay, for income tax purposes, while another group, on the retired list by a presumption of law for practically the same reason, is *Not* entitled to exclude from gross income any part of retired pay, for income tax purposes, and while in between is a group who may exclude from gross income a portion of retired pay by the process of changing that part of pay to a pension, though on the retired list for physical disability by a presumption of law.

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